Message Text

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INFO OCT-01 EUR-12 ISO-00 PM-05 NSC-05 SP-02 SS-15 DODE-00 OMB-01 TRSE-00 PA-01 EB-08 L-03 /057 W ------120205 230508Z/23

R 222021Z FEB 78 FM AMEMBASSY MADRID TO SECSTATE WASHDC 3558

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DEPT PLEASE PASS EXIMBANK V.P. JOHN MCDONNELL

DOD FOR OSD/DSAA AND DA/OUSA/DASC-ZA

E.O. 11652: GDS

TAGS: EFIN, MASS, SP

SUBJECT: SPANISH REQUEST TO POSTPONE EXPIRATION OF

EXIMBANK CREDIT LINE

REF: EXIM CREDIT NO. 2852, EMBASSY (MILLER) - EXIM (KAISER) TELCONS

- 1. AN EXIM BANK CREDIT FINANCING THE SPANISH ARMY PROJECT FOR A "TERRITORIAL COMMAND NET" (TCN) EXPIRED ON DECEMBER 31, 1977. THE SPANISH GOVERNMENT HAS FORWARDED THROUGH THE JOINT COMMITTEE FOR POLITICO-MILITARY ADMINISTRATIVE AFFAIRS (PMAA) A MEMORANDUM DATED FEBRUARY 13, 1978, WHICH REQUESTS THAT THIS LAPSED CREDIT LINE BE EXTENDED UNTIL DECEMBER 31, 1979 REPEAT 1979. THE MEMORANDUM WAS SIGNED BY THE SPANISH MILITARY CO-CHAIRMAN OF THE PMAA.
- 2. ACCORDING TO THE MEMO, THE EXTENSION OF THE CREDIT IS NECESSARY BECAUSE THE TCN CONTRACT AND ANTICIPATED MODIFICATIONS THERETO HAVE RESULTED IN DELAYS AND COST INCREASES. THE TCN PROJECT IS BEING MANAGED BY THE US CONFIDENTIAL

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ARMY ON BEHALF OF THE SPANISH ARMY.

3. THE ISSUE OF COST OVERRUNS AND CONTRACTOR CLAIMS IN THE TCN PROJECT IS ONE WHICH IS OF THE UTMOST SENSITIVITY AND COULD AFFECT A WIDE RANGE OF OUR DEALINGS WITH THE SPANISH MILITARY. IF IT IS AT ALL POSSIBLE TO EXTEND THE LINE OF CREDIT AS REQUESTED IT COULD HAVE A HELPFUL

IMPACT ON OUR EFFORTS TO OBTAIN GREATER SPANISH GOVERNMENT COOPERATION IN RE TCN. WE RECOMMEND APPROVAL OF THE EXTENSION. STABLER

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NNN

Message Attributes

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